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In The
Supreme Court of the United States

ENTERPRISE RENT-A-CAR COMPANY,

Petitioner,

v.

ADVANTAGE RENT-A-CAR, INC.,

Respondent.

ON PETITION FOR WRIT OF CERTIORARI
TO THE UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

PETITION FOR WRIT OF CERTIORARI

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QUESTIONS PRESENTED

1. The Federal Circuit resolved an issue of first impression under the 1999 Amendment to the Lanham Act and the Federal Trademark Dilution Act ("FTDA") by interpreting the Act to effectively abolish all state law remedies relating to trademark dilution. Under the FTDA, if an accused infringer obtains a federal trademark registration for its accused infringing phrase, the Lanham Act protects the infringer from being sued under the state anti-dilution laws. 15 U.S.C. §1125(c)(3). The trademark owner's only defense to this maneuver is to oppose the registration. Section 13 of the Lanham Act allows a trademark opposition to be filed by "[a]ny person who believes that he would be damaged by registration of a mark on the principal register, including as a result of dilution under Section 43(c)." 15 U.S.C. §1063(a). The Federal Circuit held in its decision below that "damage" under state anti-dilution statutes is not a "damage" that can be asserted in an opposition proceeding, thus resulting in total loss of those rights without any opportunity to assert them.

The first question presented is whether Congress intended in enacting the FTDA to provide an easy procedure for copyists to avoid liability under state anti-dilution rights without having an opportunity to first assert them, thereby preempting state rights altogether.

2. It has been fundamental trademark law for over a century, including precedent by this Court, that geographically limited use of a trademark – without a federal trademark registration – can only support protection of that mark in the geographically limited area of actual use. *Hannover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916) and *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918). In the decision below, the Federal Circuit interpreted the FTDA, contrary to the noted precedent, to provide an absolute bar to a dilution claim throughout the entire country under the FTDA if the accused infringer can prove any use anywhere in the country, regardless of how temporally and geographically limited, prior to the famous mark achieving fame. 15 U.S.C. §1125(c).

The second question presented is whether the Federal Trademark Dilution Act allows "any" prior use of a similar trademark, regardless of how limited in duration or geographic scope, to defeat the dilution rights and claims of the owner of a famous trademark under Section 43(c) of the Lanham Act, 15 U.S.C. §1125(c).

STATEMENT PURSUANT TO RULE 29.6

Petitioner, Enterprise Rent-a-Car Company, states that it has no corporate parents, and that no publicly held company owns 10% or more of the Enterprise Rent-a-Car Company stock.

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PETITION FOR A WRIT OF CERTIORARI

Petitioners respectfully petition for a writ of certiorari to review the judgment of the United States Court of Appeals for the Federal Circuit in this case.

OPINIONS BELOW

The Trademark Trial and Appeal Board's opinion granting the trademark applicant's motion for summary judgment and dismissing the opposition with prejudice is published at 62 USPQ2d 1857 and is attached in the Appendix at A-28 to A-41. The opinion by the Federal Circuit Court of Appeals affirming the judgment of the Board is published as 330 F.3d 1333 and is attached in the Appendix at A-1 to A-25 The Court of Appeals' order denying rehearing en banc is not otherwise published and is attached in the Appendix at A-26 to A-27.

STATEMENT OF JURISDICTION

The Court of Appeals entered its opinion on or about May 30, 2003 and denied rehearing en banc on July 9, 2003. Petitioners invoke this Court's jurisdiction pursuant to 28 U.S.C. §1254(1).

STATUTORY PROVISIONS INVOLVED

The provisions and portions of the Lanham Act, 15 U.S.C. Section 1051, et seq., relevant to this petition are attached in the appendix at A-42 to A-43.

STATEMENT OF THE CASE

On May 30, 2003, the Federal Circuit rendered a decision regarding important issues of first impression under the Federal Trademark Dilution Act (FTDA) and the role that state anti-dilution statutes play in the orderly administration of trademark rights in the United States. *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333 (Fed. Cir. 2003). Petitioner sought rehearing en banc from the Federal Circuit, which it denied on July 9, 2003.

While the present petition turns strictly on legal issues of first impression, some brief undisputed background facts and procedure are helpful in providing context to the issues and to demonstrate their importance.

1. In 1994, Enterprise conducted a trademark search for a desired slogan ("We'll Pick You Up®"), subsequently adopted the slogan based on the search results, obtained several federal trademark registrations for the slogan, and since that time has spent over $250,000,000 advertising the slogan in commerce. The slogan has been advertised in connection with some of the most prominent television programs in the nation, including, for example, the World Series, the NCAA Final Four tournament, Dateline, 20/20 and Seinfeld. The campaign has received national awards, including being honored as one of the top 500 advertising campaigns of the 20th Century.

2. Advantage, on the other hand, fortuitously, and unbeknownst to Enterprise, used the near identical phrase, "We'll Even Pick You Up," in one commercial on a very limited basis in San Antonio, Texas in the early 1990s, discontinued use of the commercial in May 1995, and resurrected the commercial in mid-1997 only after recognizing Enterprise's use and holding attorney-client privileged meetings in 1997 to discuss Enterprise's campaign. In mid-1997, following the attorney-client privileged meetings, Advantage expanded its use of Enterprise's slogan to five Southwestern states: Texas, Louisiana, Oklahoma, New Mexico, and Arkansas.

3. Litigation ensued in federal court and, ultimately, Advantage obtained the right to use the phrase in its limited five-state territory. The district court held, and the 5th Circuit affirmed, that Enterprise had not proven its slogan famous as of mid-1997 when Advantage began its use in the five Southwestern states. Based on the Texas litigation, Enterprise concedes that it cannot stop Advantage's use of its slogan in those five states based on Advantage's prior user defense.

4. In 1999 and during the course of the Texas litigation, Advantage filed for a federal registration, almost ten years after it started using the phrase.

5. Enterprise discovered the registration attempt by Advantage and realized that Advantage intended to expand its use of the slogan beyond the five Southwestern states, to further capitalize on the goodwill that Enterprise had developed in its slogan. Enterprise therefore opposed Advantage's registration

on two grounds: (1) the national registration would provide Advantage with rights in states outside of the original five-state region in areas where Enterprise could maintain a state dilution cause of action against Advantage; and (2) while Enterprise's slogan was deemed not famous as of mid-1997 by the Fifth Circuit, Enterprise's slogan had subsequently acquired fame due to Enterprise's sizeable investment thereafter and, thus, Enterprise opposed the registration attempt under the FTDA.

6. To this latter point, the district court in the Texas litigation found that Enterprise's survey showed that 49.6% of those surveyed knew of Enterprise's slogan and associated the slogan with Enterprise. The district court, however, required Enterprise to show greater than 50% association to prove fame based on its interpretation of the law (an error of law asserted by Enterprise in the Texas litigation but rejected by the Fifth Circuit). Thus, Enterprise missed the mark by 0.4%. Since the time of the survey, Enterprise has had considerable additional use, including spending well over another $150,000,000 in connection with very high profile television shows. While Enterprise failed to prevail by a margin of 0.4% in the Texas litigation to show that its slogan was famous as of mid-1997, it undoubtedly has acquired such fame since that time, even under the high standard set by the Fifth Circuit. These fact issues were never reached by the TTAB nor the Federal Circuit because of each tribunal's legal rulings, the subject of the present petition.

7. On March 26, 2002, the TTAB issued an opinion denying Enterprise leave to amend the Notice of Opposition to include state anti-dilution grounds

because it contended that such grounds could not be raised in an opposition. The TTAB also held that any prior use by a senior user prior to the mark becoming famous defeated any cause of action under the FTDA, even for states where the senior user sought expansion (here by federal registration) after the junior user's mark had achieved fame. The TTAB's decision on these two legal issues ended the opposition.

8. Enterprise filed an appeal with the United States Court of Appeals for the Federal Circuit ("the Federal Circuit") on May 22, 2002. The Federal Circuit affirmed the TTAB's decision. Enterprise filed a petition for rehearing en banc on June 13, 2003, but the Federal Circuit denied that petition.

REASONS FOR GRANTING THE WRIT

There are many instances in which trademark copyists engage in unfair competition, but do not create confusion, leaving the dilution laws as the only primary remaining remedy. The instant case and this Court's recent *V Secret* case are prime examples of this situation. For decades, dilution laws have, therefore, been an important cause of action against unfair competition in the absence of confusion.

When Congress enacted the Federal Trademark Dilution Act (FTDA), it made clear that it was doing so to increase the protection afforded to the owners of famous trademarks and that it was not overruling or preempting the existing state anti-dilution statutes. This case raises two important issues of first impression, as the Federal Circuit decision acknowledges. The Federal Circuit, however, resolved

those issues in manner that undeniably retracts protections available to the owners of famous trademarks that existed prior to Congress' enactment of the FTDA. This retraction of protection for famous marks is contrary to Congress' stated purpose in enacting the FTDA.

The two specific issues are: (1) whether state anti-dilution statutes can be asserted in a trademark opposition, or forever be lost without any opportunity to assert such rights, in contravention of Congress' decision not to pre-empt such rights; and (2) whether the FTDA allows any prior use of a trademark, regardless of how limited in duration or geographic scope, to defeat the trademark owner's rights to prevent the dilution of its famous trademark under the FTDA.

The loss of state rights is particularly problematic in view of the Court's decision in *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). There the Court acknowledged that it might be hard to prove "actual" dilution under the FTDA, but felt constrained by Congress' chosen language. The Court also acknowledged that state anti-dilution statutes provide a remedy on less stringent grounds, *i.e.*, likelihood of dilution. Thus, this Court's review of whether state dilution laws will continue to play a part in the enforcement of trademarks is an important issue to trademark owners in this country. Because this issue will arise in the Trademark Office with most appeals to the Federal Circuit, the likelihood of conflicts amongst appellate courts is far less. Thus, this issue is ripe for determination now.

I. The Decision Below Is Arbitrary in Its Interpretation of Section 13 of the Lanham Act And Against the Plain Language of the Statute; the Result of This Interpretation Is To Effectively Eliminate State Anti-Dilution Statutes.

The decision below provides an easy procedure for systematically avoiding state anti-dilution statutes. Because state anti-dilution statutes are less stringent in their requirements to make out a dilution cause, trademark owners will realize significant detriment, losing state causes that have for decades protected them against copyists.

In many instances, copyists engage in unfair competition that does not result in a likelihood of confusion. In those instances, a copyist wishing to avoid state anti-dilution statutes can, in view of the decision below, merely file for a federal registration for its copied phrase. In the absence of a likelihood of confusion, the Trademark Office will allow the application for registration to publish for opposition, *i.e.*, the Trademark Office will not reject an application on dilution grounds. 15 U.S.C. §1052. Once published for opposition, the trademark owner, in the absence of a likelihood of confusion, is left to oppose on dilution grounds.

Section 13 of the Lanham Act allows a trademark opposition to be filed by "[a]ny person who believes that he would be damaged by registration of a mark on the principal register, including as a result of dilution under Section 43(c)." 15 U.S.C. §1063(a) (2000). As seen, Section 13 of the Lanham Act provides

no limitation on the grounds upon which an opposition can be raised, so long as "damage" is shown. The Federal Circuit's restriction that only damage under the FTDA can be asserted, not under state anti-dilution statutes, is arbitrary.

More importantly, however, if a trademark owner cannot raise state anti-dilution statutory rights in the opposition, those rights are forever lost once the registration is allowed to issue. 15 U.S.C. §1125(c)(3). Thus, the trademark owner's defense to the application is limited to the FTDA. If not successful under the FTDA in opposing the application to register, state rights are lost. Many of those state rights provide relief on grounds far less stringent than under the FTDA. *Moseley v. V Secret Catalogue, Inc.*, 537 U.S. 418 (2003). Thus, a copyist can obtain a federal trademark registration and defeat state anti-dilution statutes without ever facing them on the merits.

The language of Section 13 of the Lanham Act makes no restriction on the grounds upon which "damage" can be asserted. The Act does state, "including as a result of dilution under Section 43(c)." But, that language is exemplary of the damage that can be asserted. That language does not foreclose damage that results from violation of state anti-dilution statutes.

Congress did not preempt state anti-dilution statutes when it enacted the FTDA. *See Pebble Beach Co. v. Tour 18 Ltd.*, 942 F.Supp. 1513, 1564 (S.D. Tex. 1996) (finding the Texas anti-dilution statute not pre-empted by federal law) aff'd as modified by 155 F.3d 516 (5th Cir. 1998); and *Ringling Bros.-Barnum & Bailey Combined*

Shows, Inc. v. BE Windows Corp., 937 F.Supp. 204, 208 (S.D.N.Y. 1996) (noting that the Federal Trademark Dilution Act was not intended to pre-empt existing state dilution statutes). Thus, there should be a forum for asserting them prior to losing them.

In the instant case, Enterprise should be able to assert any reason for "damage" to defeat another's attempt to obtain a federal registration and hence nationwide rights in one of its marks. The Act provides no qualification on this right to oppose. Here, the damage is plain and un-rebutted. **If Advantage is allowed a federal registration, Enterprise's state anti-dilution rights are no longer available to it. Thus, the only forum for Enterprise to assert these rights is in the opposition proceeding, else they be lost.** Congress specifically chose not to preempt or overrule state anti-dilution statutes. Thus, the Act should be interpreted in such a way that those rights can be raised prior to being lost.

Further, the Federal Circuit rule gives a trademark applicant the protection intended to be afforded to a trademark registrant. To ignore the state dilution rights at the opposition setting would also ignore the condition precedent to the protection: the obtaining of a federal registration. The intent of the legislation is to protect registered trademarks, not mere trademark applications.

The Federal Circuit incorrectly advocates that the language that regards allowing any person to oppose based on a belief of damage merely outlines a requirement for standing. The Court of Appeals for the Federal Circuit requires that an opposer must also

"base its ground of opposition on a statutory claim found in the Lanham Act." *Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc.*, 330 F.3d 1333 (Fed. Cir. 2003). First, this restriction is not found in Section 13 of the Lanham Act and is therefore arbitrary.

Second, the cases cited by the Federal Circuit and the supporting cases cited therein merely require a "statutory ground". *Young v. AGB Corp.*, 152 F.3d 1377 (Fed. Cir. 1998) citing *Lipton Industries, Inc., v. Ralston Purina Company*, 670 F.2d 1024 (CCPA 1982). See also *Jewelers Vigilance Committee, Inc., v. Ullenberg Corp.*, 823 F.2d 490 (Fed. Cir. 1987) (opposer entitled to rely on any ground in Section 2 of the Lanham Act). State trademark dilution laws are codified and, therefore, statutory. As such, these state laws provide a sufficient statutory ground under this line of cases.

Third, the cases cited in support of the statutory requirements were decided prior to adoption of the 1999 Amendment to the Lanham Act concerning dilution and oppositions. These cases do not address the issue of dilution, state or federal, as a basis for opposition, nor did those cases face the issue that state rights will be lost if not heard by the Trademark Office.

Further, it should be noted that the *Lipton* and *Jewelers Vigilance* cases actually address the arguments made by a trademark owner in cancellation proceedings, which are no longer available to the owner of a famous mark if the diluting mark is eventually registered. *Id.* Prior to the 1999 Amendment, these state dilution issues could have been addressed in a cancellation proceeding. However, the 1999 Amendment did away with any

chance of presenting state issues after registration of the diluting mark. Indeed, prior to the 1999 Amendment, it was not that significant whether the TTAB asserted jurisdiction over state causes of action because the latter could be raised in cancellation proceedings in federal court. Following the 1999 Amendment, that is no longer true because state rights are lost.

In any event, the language of Section 13 of the Lanham Act is plain on its face. Any case to the contrary is inapposite. Congress must have intended for the state dilution issues to be heard at some time prior to registration of a diluting mark. If that were not the case, it would have simply preempted them, which it did not.

II. The Federal Circuit's Interpretation of the FTDA Is Incorrect And Yields Grossly Inequitable Results in Contravention of Over a Century of Trademark Precedent in Applying the Lanham Act

A. The Federal Circuit's Decision Disregards Common Law Principles of Trademark Interpretation And Is Inconsistent with the Language of the FTDA.

By way of brief background regarding what the law has been for nearly a century, absent obtaining a federal registration that provides nationwide rights, a user that relies on common law rights only obtains rights in its area of geographic use. It has always been the law that a subsequent user, *i.e.*, a "junior user" that adopts the mark in good faith and expands throughout

the United States obtains rights in all geographic areas except those where the first user, *i.e.*, the "senior user" had prior rights. In that sense, the senior user that failed to secure a federal registration is "frozen" to its limited area of use, even though it first used the mark in question. The policy behind this rule of law is that the junior user could not know about the senior user's use because the senior user did not federally register its mark to put the public on notice of its rights. *See Hannover Star Milling Co. v. Metcalf*, 240 U.S. 403 (1916); *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90 (1918); *Peaches Entertainment Corp. v. Entertainment Repertoire Assoc., Inc.*, 62 F.3d 690, 692-93 (5th Cir. 1995); *Weiner King, Inc. v. Weiner King Corp.*, 615 F.2d 512 (CCAP 1980); *see also McCarthy on Trademarks and Unfair Competition*, Fourth Edition § 26.53 (discussing freezing a senior users rights).

Congress enacted the FTDA in 1996. The question posed here, which is one of first impression, is whether the FTDA is to be interpreted in accordance with the equitable principles that have governed trademark disputes for nearly a century, or whether Congress intended a harsher rule in which a senior user without a registration can defeat a junior user's rights throughout the United States under the FTDA simply because the senior user used the mark first in a limited area of the United States.

While both parties have asserted that the FTDA is plain on its face as supporting their respective positions, the truth of the matter is, based on the parties' respective positions to date, that the FTDA is unclear in this regard. The FTDA is codified at 15 U.S.C. § 1125 (c) and provides:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction ***against another person's commercial use*** in commerce of a mark or trade name, ***if such use*** begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. (emphasis added).
>
> 15 U.S.C. §1125(c)(1).

Without a doubt, if a senior user has used a mark in a particular area of the country and it predates the date by which the famous mark becomes famous, the famous mark holder can do nothing under the FTDA to stop such use in that particular area. That much is clear. The question, however, is where the senior user attempts to expand the limited use beyond its initial area of use, but after a point at which the junior user's mark acquires fame, can the famous mark holder stop such expansion efforts under the FTDA? Or, is the FTDA to be interpreted, as by the Federal Circuit, to mean that any prior use defeats the junior user's FTDA claim even in areas where the senior user has expanded after fame is achieved by considerable investment by its competitor?

There can be no dispute that under traditional trademark principles, the senior user could not expand its use. Indeed, the junior user could sue the senior user in a first suit over the senior user's initial use that was limited to, for example, Texas. If the senior user

showed prior rights in Texas, it would prevail against a junior user that had rights throughout the rest of the country. But, if the senior user sought to expand beyond Texas and did not have prior rights over the junior user in its area of expansion, the junior user would undoubtedly win a second suit. *See Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F.2d 920 (8th Cir. 1926) As the Federal Circuit has interpreted the FTDA, this well-established rule of law no longer applies. Instead, a windfall is provided to the senior user to the substantial detriment of a bona fide junior user that has invested heavily in a mark without knowledge of the senior user's use due to the latter's failure to timely obtain a federal registration for its mark, the facts of the present case as well.

Turning to interpretation of the FTDA, the Federal Circuit incorrectly holds that a trademark defendant can defeat rights in a famous trademark under the FTDA if it can show "any" use of the famous trademark prior to the trademark owners' mark becoming famous, thereby baring an FTDA claim as a ground for opposition under Section 13. (Panel Decision at 13, 14, and 17).

First, the Federal Circuit has created a bright line rule that is not in accord with traditional trademark principles. If a senior user establishes prior use, it prevails everywhere in the country under the FTDA. This rule, however, does not account for the opening line of the FTDA: "The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction . . . ." With the Federal Circuit's bright line rule in applying the FTDA, there would be no need to

consider "principles of equity," as has always been the hallmark of trademark jurisprudence, *i.e.*, fairly apportioning rights based on expectations, investments, and use. Thus, the Federal Circuit's interpretation renders the opening line meaningless.

Second, the implications of this holding ignore important common law principles of trademark law that are part and parcel of interpreting the Lanham Act. By way of example, the common law of trademarks requires that a senior user's "use" be continuous, *i.e.*, one cannot claim prior trademark rights unless one's use has been continuous and unabandoned. *See Casual Corner Associates, Inc. v. Casual Stores of Nevada, Inc.*, 493 F.2d 709 (9th Cir. 1974). While the FTDA does not state this requirement, nor is it at issue in this appeal, undoubtedly the FTDA must be interpreted to have this requirement. Yet, the Federal Circuit's holding suggests that "any" use, whether continuous or not, is sufficient to defeat a claim under the FTDA, a significant departure from traditional trademark principles. Thus, a senior user that fortuitously used a famous mark many years ago, but abandoned the mark for over a decade, could rise up out the weeds and assert rights of its own, or sell those rights to the highest bidder, or extort money from the trademark owner. "Any use" cannot be the standard for interpreting rights under the FTDA.

The common law of trademarks has also recognized, for nearly a century, that a senior, first-in-time, user of a trademark may be frozen to a particular geographic territory where the senior user fails to secure a federal registration, which is inexpensive to obtain. The federal statutory scheme has, from a policy

standpoint, encouraged federal registrations to put the public on notice of the senior user's rights. Failing to do so and failing to put the public on notice by means of the federal registry subjects the senior user to the risk that a junior user will come along and adopt the same or similar mark and expand throughout the United States, freezing the senior user to its limited territory. The Panel's decision disregards these well-established trademark principles, which equitably protect innocent junior users that heavily invest in marks against a senior user that chose not to obtain a federal registration and to therefore put the public, including the junior user, on notice of its rights.

Not only does the Panel's decision not account for common law trademark principles in interpreting the FTDA, its holding is also inconsistent with the language of the Act itself. As the panel stated, the proper place to begin is with an examination of the plain language of the statute. *Info. Tech. & Applications Corp. v. United States*, 316 F.3d 1312, 1320 (Fed. Cir. 2003).

It is conceded that Advantage has the right to use its near identical slogan in the five Southwestern states by virtue of prevailing in the prior federal court litigation based on its prior use. The issue is whether Enterprise can enjoin, or in this instance oppose, Advantage from expanding its use to other states. Enterprise believes, consistent with well-established trademark priority rules mentioned above, that the FTDA means, on its face, if Enterprise is attempting to enjoin use in the remaining states, it can enjoin ***"such use"*** so long as ***that use begins after*** Enterprise's slogan became famous, which it believes to be the case for reasons beyond this briefing.

The Federal Circuit, however, interpreted ***"such use"*** to mean ***"any use,"*** notwithstanding that the word "such" means, by definition, something specific and notwithstanding that this interpretation is inconsistent with trademark common law principles that have existed for over a century and notwithstanding that this interpretation leads to a highly inequitable result for the senior user and a windfall to the junior user and notwithstanding that this interpretation does not reward early registration, an important policy goal of the Lanham Act, and, in fact, rewards belated registrations.

More specifically, the term "any" is not used in Section 43(c). The term "any" is, however, used prominently in Section 43(a) of the same Act. The term "any" is used six times in Section 43(a)(1) in connection with the same commercial uses addressed in Section 43(c). Had Congress intended to use the term "such use" with respect to the use of a trademark to mean "any prior use," Congress could have explicitly stated "any use." Instead, the Section pertains to "such use" which must necessarily contain limitations. "[W]here Congress included particular language in one section of the statute but omits in another section of the same act, it is generally presumed that congress acts intentionally and purposefully in the disparate inclusion or exclusion." *Russello v. United States,* 464 U.S. 16, 23 (1983) (citation omitted). Therefore, it is incorrect to presume that Congress actually meant that "any use" could defeat a claim of dilution under Section 43(c) when it could have done so, but did not.

By analogy, it is well settled that a trademark that has been determined to be descriptive can achieve acquired distinctiveness and form a basis for enforcement against the same or similar mark or registration. *Texas Pig Stands, Inc., v. Hard Rock Café Int'l, Inc.*, 951 F.2d 684 (5th Cir. 1992), *reh'g, en banc, denied*, 966 F.2d 956 (5th Cir. 1992). Similarly, a trademark owner should be allowed to achieve fame for a mark and subsequently protect that mark against dilution from a senior user that did not timely register its mark and is belatedly trying to expand its use to other geographic areas in an effort to capitalize on that which the junior user created.

B. The Legislative History Does Not Support the Offered Interpretation

The Panel's decision is inconsistent with the goals set forth in the legislative history. In particular, the goal of the FTDA is to protect famous marks and to provide a convenient remedy for those famous marks to avoid multiplicity of suits. H.R. Rep. No. 104-374, at 3 (1995), Congressional Record, June 22, 1999, Page S7452-S7457 (Comments of Sen. Hatch). As interpreted by the board and the Federal Circuit, the FTDA is protecting the limited user to the extreme detriment of the famous mark. By favoring the diluting use over the famous mark, the Federal Circuit's interpretation contradicts the intent of the Act.

Additionally, the trademark laws are generally fashioned to reward those who promptly apply and register their trademark rights. That is not the case here. In fact, Advantage is being rewarded for not putting a federal trademark application on file in a

timely manner. It is being rewarded for limited and, at times, unknowing use of a trademark. It is being rewarded for refusing to register its marks for almost a decade. It is also being rewarded for letting another company spend hundreds of millions of dollars to promote a trademark. And, now, it is being rewarded, absent rectification by this Court, by being allowed to expand throughout the United States with a trademark that it had only used on a very limited basis in one city in the country, a use that Enterprise could not have possibly detected when it performed its trademark search and made the decision to invest considerably in its campaign.

C. Concurrent Use

The Federal Circuit's decision relies heavily on principles of concurrent use. Neither party raised that issue because Advantage did not seek a concurrent use registration. The decision below concludes that because Congress did not amend the concurrent use provisions of the Lanham Act, the FTDA must be interpreted as a winner takes all proposition, *i.e.*, use anywhere by a senior user is sufficient to defeat the junior user's rights throughout the United States. *See Sweet Sixteen Co. v. Sweet "16" Shop, Inc.*, 15 F.2d 920 (8th Cir. 1926). There is no indication that Congress ever considered the issue of concurrent use registrations, a procedure that is very rarely invoked, as a means of interpreting the "such use" language of the FTDA. While Enterprise is sympathetic with the Federal Circuit's attempt to square all provisions of the Lanham Act, the resulting interpretation is directly contrary to the common law of trademarks as it regards priority disputes between senior and junior

users and the stated purpose of strengthening the rights in famous marks. Congress expressed no intent to provide windfalls to senior users that have geographically limited rights and that fail to get federal registrations. Enterprise submits that the concurrent use statute provides no guidance as to Congress' intent in using the language "such use" in the FTDA.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be granted.

Respectfully submitted,

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United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,

Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,

Appellee.

Rudolph A. Telscher, Jr., Harness, Dickey & Pierce, P.L.C., of St. Louis, Missouri, argued for appellant.

William D. Raman, Thompson & Knight LLP, of Austin, Texas, argued for appellee.

Appealed from:
United States Patent and Trademark Office
Trademark Trial and Appeal Board

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,

Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,

Appellee.

DECIDED: May 30, 2003
[ENTERED: May 30, 2003]

Before BRYSON, GAJARSA, and DYK, Circuit Judges.

DYK, Circuit Judge.

Under the Trademark Amendments Act of 1999 § 2(b), 15 U.S.C. § 1063(a), and the Federal Trademark Dilution Act of 1995 § 3, 15 U.S.C. § 1125(c), the owner of a famous mark can oppose the registration of a diluting mark without establishing likelihood of confusion. This case presents the question whether such an opposition can be maintained when the applicant's mark was used in a limited geographic area before the opposer's mark became famous. This case

also requires us to decide whether an opposition under 15 U.S.C. § 1063(a) can be based on claims of trademark dilution under state dilution statutes. We conclude that the owner of a famous mark cannot oppose registration based on dilution where its mark did not achieve fame prior to the applicant's prior use in a limited geographic area, and that a trademark holder cannot oppose registration based on claims of dilution under state law. We therefore affirm the decision of the United States Patent and Trademark Office, Trademark Trial and Appeal Board ("the Board") dismissing the opposition with prejudice.

BACKGROUND

This case requires us to construe for the first time the Federal Trademark Dilution Act of 1995, 15 U.S.C. §§ 1125(c), 1127 (2000) ("FTDA"), which creates a federal cause of action for trademark dilution, and a related provision, the Trademark Amendments Act of 1999, Pub. L. No. 106-43, 113 Stat. 218 (codified in scattered sections of 15 U.S.C.), which, inter alia, requires the Board to consider dilution under the FTDA as a ground for opposition to trademark registration.

The FTDA provides a federal cause of action for owners of "famous" trademarks, allowing them to enjoin diluting uses, and in some cases, to recover monetary damages. The Act provides:

> [t]he owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

15 U.S.C. § 1125(c)(1) (2000) (emphasis added).[1] Thus, in order to secure relief, the owner of a famous mark must establish that the allegedly diluting use began "after the mark ha[d] become famous." The Act provides a list of non-exclusive factors that a court is to consider in determining whether a mark is "famous" and, therefore, qualifies for protection under the statute:

> In determining whether a mark is distinctive and famous, a court may consider factors such as, but not limited to –
>
> > (A) the degree of inherent or acquired distinctiveness of the mark;

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[1] The Act allows for monetary damages only if "the person against whom the injunction is sought willfully intended to trade on the owner's reputation or to cause dilution of the famous mark." 15 U.S.C. § 1125(c)(2) (2000).

(B) the duration and extent of use of the mark in connection with the goods or services with which the mark is used;

(C) the duration and extent of advertising and publicity of the mark;

(D) the geographical extent of the trading area in which the mark is used;

(E) the channels of trade for the goods or services with which the mark is used;

(F) the degree of recognition of the mark in the trading areas and channels of trade used by the mark's owner and the person against whom the injunction is sought;

(G) the nature and extent of use of the same or similar marks by third parties; and

(H) whether the mark was registered under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register.

Id. § 1125(c)(1).

In 1999, Congress amended the Lanham Act to add dilution under section 1125(c) as a ground for opposition to federal trademark registration. See Trademark Amendments Act of 1999, § 2(b), 113 Stat. 217, 218. The opposition statute now provides, in pertinent part, "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c) of this title, may . . . file an opposition in the Patent and Trademark Office." 15 U.S.C. § 1063(a) (2000) (emphasis added).

The allegedly diluting use in this case began in 1990, when the appellee (the applicant for registration), Advantage Rent-A-Car, Inc. ("Advantage"), produced a television commercial for its car-rental service that used the phrase "We'll Even Pick You Up." The commercial was broadcast in the San Antonio, Texas, area approximately 100 times between 1992 and 1995. From August 1997, to April 1998, the commercial was broadcast an additional 289 times in Arkansas, Louisiana, New Mexico, and Texas.

The appellant (the party opposing registration), Enterprise Rent-A-Car Co. ("Enterprise"), did not begin using the phrases "Pick the Company that Picks You Up" and "Pick Enterprise, We'll Pick You Up" in national advertising until 1994, after Advantage's prior use in San Antonio, Texas. On January 16, 1996, Enterprise obtained federal registration for the mark "PICK ENTERPRISE, WE'LL PICK YOU UP," U.S. Trademark Reg. No. 1,948,828; on January 30, 1996, for the mark "PICK THE COMPANY THAT PICKS YOU UP," U.S. Trademark Reg. No. 1,953,083; and on

August 5, 1997, for the mark "WE'LL PICK YOU UP," U.S. Trademark Reg. No. 2,085,472, as service marks in connection with the rental and leasing of vehicles.

On June 16, 1998, Advantage filed suit against Enterprise in the United States District Court for the Western District of Texas alleging unfair competition in violation of 15 U.S.C. § 1125(a) and under the common law of Texas and seeking cancellation of Enterprise's mark under 15 U.S.C. § 1119. Enterprise, inter alia, counterclaimed for unfair competition under state and federal law and for trademark dilution under federal and state law.

While the case was pending in the district court, on May 4, 1999, Advantage filed for federal registration of its mark, "We'll Even Pick You Up," as a service mark in connection with the rental and leasing of vehicles. U.S. Trademark Application Ser. No. 75-697875. On August 21, 2000, Enterprise filed an opposition to Advantage's application, alleging that it would be damaged by the registration of Advantage's mark, because Advantage's mark caused dilution of Enterprise's mark under the FTDA. The Board suspended the opposition proceedings on September 25, 2000, pending resolution of the civil action before the district court.

On May 24, 1999, the parties agreed to the entry of a partial consent judgment in the district court civil action. The parties agreed to the entry of findings of fact and conclusions of law to the effect that the use by Advantage of WE'LL EVEN PICK YOU UP in connection with its car-rental business was not likely to

cause consumer confusion with Enterprise. Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., No. A 98CA 372, slip op. at 1-2 (W.D. Tex. May 24, 1999) (Partial Consent Judgment). The consent judgment disposed of all claims asserted by Advantage and of all counterclaims asserted by Enterprise, except its claims for trademark dilution. Id. at 1. The consent judgment also made clear, however, that Enterprise's dilution claims were unaffected. Id. at 3.

On October 25, 1999, after a bench trial, the district court entered judgment against Enterprise on the dilution claims. The court held that Enterprise was not entitled to relief, "because the slogan at issue is not sufficiently famous or distinctive to receive protection under the [FTDA]." Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., No A 98CA 372, slip op. at 1 (W.D. Tex. Oct. 25, 1999). The district court concluded that fame was an element of Enterprise's claims under the state dilution statutes on which Enterprise relied as well. Id. at 10. Therefore, the district court held, Enterprise could not recover for dilution under federal or state law.

On appeal, the Fifth Circuit upheld the district court's determination that Enterprise's marks were insufficiently famous to win relief under the FTDA or under the Arkansas and New Mexico anti-dilution statutes. Advantage Rent-A-Car, Inc. v. Enterprise Rent-A-Car Co., 238 F.3d 378, 381, 57 USPQ2d 1561, 1564 (5th Cir. 2001). However, the Fifth Circuit held that the district court erred in its conclusion that lack of fame barred recovery under the Louisiana and Texas anti-dilution statutes, because both those statutes

"require[ ] only distinctiveness, not fame." Id. The court, therefore, affirmed the judgment for Advantage on Enterprise's claim under the FTDA and the anti-dilution statutes of Arkansas and New Mexico, but remanded for a determination of whether the mark was sufficiently "distinctive" to state a claim under the Texas or Louisiana dilution statutes. Id.

Following the Fifth Circuit litigation, the Board dismissed Enterprise's opposition. Enterprise Rent-A-Car Co. v. Advantage Rent-A-Car, Inc., 62 USPQ2d 1857, 1858 (TTAB 2002). The Board held that Enterprise's claim of dilution under the FTDA was barred by res judicata, because the district court and the Fifth Circuit had already decided that Enterprise's mark was not famous. While Enterprise argued that its mark had achieved fame in the period after the admission of evidence on fame in the district court in 1999, the Board held that "a party seeking to invoke dilution as a ground for cancellation must establish that its mark became famous prior to applicant's first use of the mark." Id. at 1861 (citation omitted). "Unless [Enterprise] can establish that its mark was famous prior to [Advantage's] use – anywhere in the country – it cannot prevail." Id. The Board found that "[a]s noted in the Fifth Circuit's opinion, applicant has used the mark since at least as early as 1990," making "the question of whether opposer's mark has achieved fame since the earlier trial . . . irrelevant." Id. at 1860-61.

The Board also rejected Enterprise's argument "that we must consider the respective rights of the parties in each geographical area in which they do business," based on its conclusion that "[b]y long-

standing policy, the Board will consider geographic limitations only in the context of a concurrent use proceeding, [37 C.F.R. §] 2.133(c) . . . and we see nothing in the FTDA or the [Trademark Amendments Act of 1999] which would support a different result."[2] Id. at 1861.

Finally, the Board denied Enterprise's motion to amend its opposition to include claims of dilution under state statutes. After analyzing the language and the legislative history of the FTDA and of the Trademark Amendments Act of 1999, the Board concluded that it did not have jurisdiction to entertain grounds for opposition based on state dilution statutes. Id. at 7.

Enterprise timely appealed. We have jurisdiction pursuant to 15 U.S.C. § 1071(a)(1) and 28 U.S.C. § 1295(a)(4)(B).

DISCUSSION

I

Trademark infringement law originated in the English common law of unfair competition. Moseley v. V Secret Catalogue, Inc., No. 01-1015, slip op. at 12. (U.S. Mar. 4, 2003). Trademarks traditionally were not considered property, like patents or copyrights. In 1918, the Supreme Court held, "[t]here is no such thing as property in a trade-mark except as a right appurtenant

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[2] 37 C.F.R. § 2.133(c) provides, "[g]eographic limitations will be considered and determined by the Trademark Trial and Appeal Board only in the context of a concurrent use registration proceeding."

to an established business or trade in connection with which the mark is employed. The law of trade-marks is but a part of the broader law of unfair competition . . . ." United Drug Co. v. Theodore Rectanus Co., 248 U.S. 90, 97 (1918). The Court further described "the fundamental error of supposing that a trade-mark right is a right in gross or at large, like a statutory copyright or a patent for an invention, to either of which, in truth, it has little or no analogy." Id. Instead, trademark law began as "both protection against unfair competition and a form of consumer protection against deception." David S. Welkowitz, Trademark Dilution: Federal, State, and International Law 4 (2002).

Thus, trademark law, both in the infringement and registration context, traditionally has been concerned with protecting consumers from being misled by the use of confusingly similar marks on goods originating from different producers, and with protecting a trademark owner's "good will against the sale of another's product as his." Prestonettes, Inc. v. Coty, 264 U.S. 359, 368 (1924); see also Moseley, No. 01-1015, slip op. at 12; Qualitex Co. v. Jacobson Prods. Co., 514 U.S. 159, 163-64 (1995); United Drug Co., 248 U.S. at 97; McClean v. Fleming, 96 U.S. 245, 255 (1877); 1 Jerome Gilson et al., Trademark Protection & Practice § 1.03[2], at 1-21 to 1-22 (2002). This traditional view defined trademark law as prohibiting only those uses that "convey a false impression to the public mind, and [are] of a character to mislead and deceive the ordinary purchaser in the exercise of ordinary care and caution in such matters." McClean, 96 U.S. at 255; see also Welkowitz, supra, at 4 ("Traditional trademark infringement protects mark owners and consumers

from uses of the same or similar marks that cause confusion among potential consumers.") (emphasis in original).

When Congress codified the common law on trademarks and unified the existing federal trademark statutes in the Trademark Act of 1946, Pub. L. No. 79-489, 60 Stat. 427 (codified as amended in scattered portions of 15 U.S.C.) ("the Lanham Act"), it reflected this traditional view of the nature of trademark protection and its limits:

> Trade-marks are merely a convenient way of distinguishing the goods of one trader from those of another. By furnishing a means of identification, they perpetuate good will, and enable purchasers, by recognizing the marks, to buy again the goods which have pleased them before.... The public is thus assured of identity, and is given an opportunity to choose between competing articles. To protect trade-marks, i.e., marks which permit the goods of different makers to be distinguished from each other, is to promote competition and is sound public policy.
>
> The protection which is accorded is security against misrepresentation as to the origin of goods, by suppressing imitations which are calculated to mislead buyers into the belief that the goods of one maker are those of another.

H.R. Rep. No. 76-944, at 3 (1939) (internal citation omitted); see also 1 Gilson, supra, § 1.03[3][b]. Hence, the Lanham Act prohibits the federal registration of a mark which "so resembles a mark registered in the Patent Office or a mark or trade name previously used in the United States by another and not abandoned, as to be likely, when applied to the goods of the applicant, to cause confusion or mistake or to deceive purchasers." 15 U.S.C. § 1052(d) (2000).

Because the primary evil to be prevented by the Lanham Act is the likelihood of consumer confusion, and not the protection of exclusive, gross rights in intellectual property, the Lanham Act also allows for the concurrent federal registration of marks for use in different geographic areas, so long as such use does not cause likelihood of consumer confusion. The Act provides:

> if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks under conditions and limitations as to the mode or place of use of the marks or the goods on or in connection with which such marks are used, concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce . . . .

15 U.S.C. § 1052(d) (2000). Concurrent use registrations can be obtained in concurrent use proceedings before the Board, 37 C.F.R. § 2.99 (2002), or by order of the

district court in a civil action. 15 U.S.C. § 1119 (2000). Our predecessor court defined the standards for the grant of concurrent use registrations and also articulated the complex rules for determining the geographic scope of each party's right to the trademark, according to priority of use, priority of registration, and agreements between the parties, in the 1970 decision In re Beatrice Foods Co., 429 F.2d 466, 474-76, 166 USPQ 431, 436-38 (CCPA 1970).[3]

II

The cause of action for trademark dilution, unlike traditional trademark infringement law, is a relatively recent theory of relief. As the Supreme Court recently noted, "[u]nlike traditional infringement law, the prohibitions against trademark dilution are not the product of common-law development, and are not motivated by an interest in protecting consumers." Moseley, No. 01-1015, slip op. at 13. Rather, dilution law is intended to protect a mark's owner from dilution of the mark's value and uniqueness. Id.; see also Ringling Bros. - Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev., 170 F.3d 449, 453-54, 50 USPQ2d 1065, 1068-69 (4th Cir. 1999). The first dilution statute was adopted by Massachusetts in 1947, providing a cause of action for dilution "notwithstanding the absence of competition between the parties or the absence of

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[3] Territorial rights can also be decided in civil actions for trademark infringement that are based on likelihood of confusion. Our sister circuits have developed rules for allocating territorial rights in this context. See, e.g., Thrifty Rent-A-Car Sys., Inc. v. Thrift Cars, Inc., 831 F.2d 1177, 4 USPQ2d 1709 (1st Cir. 1987); Dawn Donut Co. v. Hart's Food Stores, Inc., 267 F.2d 358, 121 USPQ 430 (2d Cir. 1959).

confusion as to the source of goods or services." Mass. Gen. Laws ch. 110B, § 12 (1999). Some state statutes provide dilution protection only for "famous" marks. See, e.g., Ark. Code Ann. § 4-71-213 (2002); N.M. Stat. Ann. § 57-3B-15 (2002). Other states appear not to require a showing that a mark is "famous." See, e.g., La. Rev. Stat. Ann. § 51:223.1 (West 2002); Tex. Bus. & Com. Code Ann. § 16.29 (Vernon 2002).

In 1995 Congress passed the FTDA. The legislation was the result of a desire to bring uniformity and nationwide scope to the law of trademark dilution, by creating a federal civil remedy for trademark dilution:

> Presently, the nature and extent of the remedies against trademark dilution varies from state to state and, therefore, can provide unpredictable and inadequate results for the trademark owner. The federal remedy provided in H.R. 1295 against trademark dilution will bring uniformity and consistency to the protection of famous marks. . . .

H.R. Rep. No. 104-374, at 3 (1995). The House Judiciary Committee stated that "[t]he purpose of H.R. 1295 is to protect famous trademarks from subsequent uses that blur the distinctiveness of the mark or tarnish or disparage it, even in the absence of likelihood of confusion." Id. at 2. As examples of famous marks, the committee mentioned DUPONT, BUICK, and KODAK, and stated that "[t]he geographic fame of the mark must extend throughout a substantial portion of the U.S." Id. at 3, 7.

In addition to creating a federal dilution remedy, the Act sought to achieve uniformity by providing that the ownership by a person of a federal registration "shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark." 15 U.S.C. § 1125(c)(3) (2000). This provision was intended to further "the intent of the Lanham Act 'to protect registered marks used in such commerce from interference by state, or territorial legislation.'" H.R. Rep. No. 104-374, at 7 (quoting 15 U.S.C. § 1127 (2000)).

The FTDA, while providing a civil remedy for trademark dilution, did not by its terms add dilution as one of the grounds for opposition to trademark registration under 15 U.S.C. § 1063, or as one of the grounds for cancellation of registration under 15 U.S.C. § 1064. In 1996, the Board held that trademark dilution under the FTDA was not a statutory ground for opposition to or cancellation of trademark registration. Babson Bros. Co. v. Surge Power Corp., 39 USPQ2d 1953, 1954-55 (TTAB 1996). A bill was then introduced in the House to add dilution under the FTDA as a ground of opposition. H.R. 1565, 106th Cong. (1999). That bill was enacted as part of the Trademark Amendments Act of 1999. The new statute amended the Lanham Act's provision on "Opposition to registration" to provide that "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c) of this title, may . . . file an opposition." 15 U.S.C. § 1063(a) (2000) (emphasis added). In enacting the legislation, the

House Judiciary Committee specifically cited the Board's decision in Babson as "illuminat[ing] the need for further legislation." H.R. Rep. No. 106-250, at 5 (1999). The new legislation was intended to "provide[ ] holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the [Federal Trademark] Dilution Act." Id. at 4-5.

III

Enterprise in this appeal does not challenge that the district court and the Fifth Circuit's determined that its mark was not famous as of the late 1990s or that res judicata applies as to that question.[4] However, Enterprise contends that prior use by Advantage in a limited geographic area does not bar its claim of dilution in the opposition proceedings. Enterprise reasons that the Board must consider whether Enterprise's mark has achieved fame since the late 1990s. We reject this argument and conclude that any prior use, even in a limited geographic area, defeats an

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[4] Enterprise's position on this question has not been consistent. Before the Board, Enterprise argued that the Fifth Circuit determined that its mark was not famous "as of 1999." Opposer's Memorandum in Opposition to Applicant's Motion to Dismiss for Failure to State a Claim at 2, Enterprise, Opp. No. 120,101 (TTAB May 2, 2001). In this court, however, Enterprise argues that the Fifth Circuit determined its mark was not famous "as of mid-1997." (Appellant's Brief at 23.) As the Board observed, "[n]either the district court nor the Fifth Circuit specifically addressed the question of timing, i.e., when the mark was (or was not) famous." Enterprise, 62 USPQ2d at 1860 n.9. We need not decide the effective date of the Fifth Circuit's fame determination, however, because we hold that Enterprise's lack of fame prior to Advantage's first use in 1990 bars its claim of dilution under the FTDA.

injunction under section 1125(c), and, therefore, bars a claim of dilution as a ground for opposition under section 1063.

We begin with an examination of the plain language of the statute. Info. Tech. & Applications Corp. v. United States, 316 F.3d 1312, 1320 (Fed. Cir. 2003). The statute provides, in relevant part, that the owner of a famous mark is entitled "to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous." 15 U.S.C. § 1125(c) (2000). Standard dictionary definitions define the word "such" in this context to mean, "having a quality already or just specified - used to avoid repetition of a descriptive term . . . of this or that character, quality, or extent : of the sort or degree previously indicated or implied." Webster's Third New International Dictionary 2283 (1968). The language of the statute standing alone and divorced from its context, purpose, and history is perhaps ambiguous. The term "such use" could refer to any use by the defendant in commerce. Alternatively, the reference to "such use" could refer to the particular use being challenged in the litigation. If the use being challenged were limited to a particular geographic area in which there had been no prior use by the defendant, the suit would not be barred. However, we think that the latter is not a tenable reading of the statute. The entire purpose of the statute was to provide for nationwide relief against diluting uses in a single federal proceeding in order to avoid the problem of multiple suits under individual state statutes:

> A federal dilution statute is necessary because famous marks ordinarily are used on a nationwide basis and dilution protection is currently only available on a patch-quilt system of protection . . . . Further, court decisions have been inconsistent and some courts are reluctant to grant nationwide injunctions for violation of state law . . . . This simply encourages forum-shopping and increases the amount of litigation.

H.R. Rep. No. 104-374, at 3-4. Thus, we think that the statute simply did not contemplate suits limited to particular geographic areas and that the statute's reference to "such use" must refer to any use in commerce. In this connection it is significant that there is no qualification in the statute requiring that the defendant's prior use be substantial or cover a wide geographic area to defeat an injunction under the statute.

It is clear, moreover, that Congress was cognizant of the question of the geographic extent of marks in enacting the FTDA. One of the factors Congress directed courts to consider in determining whether a mark had achieved fame was, "the geographical extent of the trading area in which the mark is used." 15 U.S.C. § 1125(c)(1)(D) (2000). Had Congress intended to include a requirement that a defendant's prior use cover a substantial geographic area in order to defeat an injunction under the Act, it knew how to do so. "[W]here Congress includes particular language in one section of a statute but omits it in another section of the same Act, it is generally presumed that Congress acts

intentionally and purposely in the disparate inclusion or exclusion." Russello v. United States, 464 U.S. 16, 23 (1983) (citation omitted).

Enterprise nonetheless contends that the provision relating to concurrent geographic use in the likelihood of confusion context requires a different interpretation of the statute. Section 2(d) of the Lanham Act provides, in part:

> if the Director determines that confusion, mistake, or deception is not likely to result from the continued use by more than one person of the same or similar marks . . . concurrent registrations may be issued to such persons when they have become entitled to use such marks as a result of their concurrent lawful use in commerce.

15 U.S.C. § 1052(d) (2000). In Beatrice Foods, our predecessor court held that "[o]nce there has been a determination that both parties are entitled to a federal registration, the extent to which those registrations are to be restricted territorially must . . . be governed by the statutory standard of likelihood of confusion." 429 F.2d at 474, 166 USPQ at 436. The court held that generally in concurrent use proceedings (involving likelihood of confusion) in which neither party has registered its mark, the prior user is entitled to a registration covering the entire United States, including areas of its use and non-use, subject only to the exception of geographic areas where the junior user can prove prior use. The junior user is, in effect, frozen in its area of prior use. However, generally where the junior user has previously

obtained federal registration, the policy of rewarding registration requires granting the prior registrant nationwide registration, subject only to those areas where the senior user can prove prior use. Id. at 474-76, 166 USPQ at 436-38; see also 3 J. Thomas McCarthy, McCarthy on Trademarks & Unfair Competition § 20:84 (4th ed. 2002).[5]

While Enterprise's argument is less than clear, apparently Enterprise contends that it should be treated like a junior user that has obtained registration, entitling it to priority of use throughout the United States, except where Advantage was the prior user. It is, therefore, supposedly entitled to defeat a nationwide registration of the mark by Advantage. It is clear that Congress rejected this approach. There is no provision in the Lanham Act to allow for concurrent use registrations in the dilution context. In fact, when Congress amended section 1063 of the Lanham Act in 1999 to add dilution under the FTDA as a ground for opposition, it also amended section 1052, the section that grants the Board the power to issue concurrent use registrations, to make clear that dilution could not be considered in proceedings brought under that section. 15 U.S.C. § 1052(f) (2000). The statute provides: "A mark which when used would cause dilution under section 1125(c) of this title may be refused registration only pursuant to a proceeding brought under section 1063 of this title." Id. Section 1063 does not provide for concurrent use registrations, an omission that must be seen as a

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5 There also may be instances where, in order to prevent likelihood of confusion, the Board must award concurrent use registrations that leave portions of the nation unregistered. See Beatrice Foods, 429 F.2d at 473, 166 USPQ at 436.

deliberate choice made by Congress.[6] It is not the province of this court or of the Board to read a new provision into the FTDA to the effect that the Board may grant concurrent use registrations to avoid trademark dilution.

Our conclusion that any prior use, even in a limited geographic area, defeats a claim of dilution in a civil action under section 1125(c) leads to the conclusion that it defeats an opposition to registration based on dilution under section 1063. Section 1063 explicitly incorporates the definition of dilution from section 1125(c), allowing for the filing of an opposition by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000) (emphasis added). This is confirmed by the legislative history, which states that the law "provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause dilution as provided in the [FTDA]." H.R. Rep. No. 106-250, at 4 (1999). Because there can be no dilution under the FTDA where the allegedly famous mark did not achieve fame prior to any use by the accused infringer, there can be no opposition based on dilution under such circumstances.

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[6] Even if Congress had extended the Lanham Act provisions on concurrent use to the FTDA, it would not lead to the result Enterprise seeks - prevention of Advantage's federal registration. Rather, the proceeding would be converted to a concurrent use proceeding, in which Advantage would be eligible to receive federal concurrent use registration. See, e.g., Faces, Inc. v. Face's, Inc., 222 USPQ 918, 919 (TTAB 1983).

Because Advantage used the mark in the San Antonio, Texas, area in 1990, before Enterprise's mark allegedly became famous,[7] the Board correctly rejected Enterprise's opposition and registered the Advantage mark.

IV

Enterprise's final contention is that the Board improperly refused to allow it to amend its opposition to include claims of dilution under state dilution statutes. Some of these statutes appear to apply without regard to the fame of the mark, and so Enterprise would not be barred by res judicata from pressing these claims before the Board. The Board refused the motion to amend, holding that the Trademark Amendments Act did not add dilution under state statutes as a ground for opposition. Enterprise, 62 USPQ2d at 1858-59. We agree with the Board.

The new statute provides for oppositions based on "dilution under section 1125(c)," not based on dilution under state law. And as discussed above, the legislative history indicates that Congress enacted this provision in response to the Board's decision in Babson, which dealt with the question of whether opposition could be based on dilution under the FTDA. See H.R. Rep. No. 106-250, at 5; Babson, 39 USPQ2d at 1953. The House Judiciary Committee explicitly stated, "[s]ection two provides holders of famous marks with a right to oppose or seek cancellation of a mark that would cause

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[7] In fact, the district court found that Enterprise did not even use its mark as the company slogan until 1994, four years after Advantage's prior use began in 1990. Advantage, No. A 98CA 372, slip op. at 3 & n.2.

dilution as provided in the 'Federal Trademark Dilution Act of 1995.'" H.R. Rep. No. 106-250, at 4 (emphasis added). There is nothing in the language or in the legislative history of the Trademark Amendments Act of 1999 to suggest that Congress added to the statute any grounds for opposition other than dilution under the FTDA, much less dilution under state statutes.[8] And rejecting such an opposition is consistent with one of the

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[8] Enterprise argues that by overruling Babson, Congress intended to overrule the longstanding Board rule mentioned in Babson that violations of state dilution statutes do not constitute aground for opposition or cancellation. This argument is unsupported.

Babson presented the question of first impression of whether dilution under the FTDA constituted a ground of opposition, and merely noted by way of a passing footnote the well-established Board rule regarding state dilution causes of action. Babson, 39 USPQ2d at 1954 n.4 (citing Devries v. NCC Corp., 227 USPQ 705, 706 n.3 (TTAB 1985); and K2 Corp. v. Philip Morris Inc., 192 USPQ 174 (TTAB 1976), aff'd, Philip Morris Inc. v. K2 Corp., 555 F.2d 815, 194 USPQ 81 (CCPA 1977)). There is no suggestion in the legislative history of the Trademark Amendments Act of 1999 that Congress was concerned with the state law aspect of Babson. Babson was uniformly described in the legislative history as a case that rejected dilution under the FTDA as a ground for opposition. See, e.g., H.R. Rep. No. 106-250, at 5 (quoting Babson, 39 USPQ2d at 1954) (stating that Babson "illuminated the need for further legislation," because "the Board held, 'Based on the provisions of the Federal Dilution Act . . . we hold that the framers of the law did not intend to provide a new statutory ground for opposition and cancellation.'"); 145 Cong. Rec. S7,452-56 (daily ed. June 22, 1999) (statement of Sen. Hatch) ("In Babson Bros. Co. v. Surge Power Corp, 39 USPQ2d 1953 (TTAB 1996), the TTAB held that it was not authorized by the Federal Trademark Dilution Act to consider dilution as grounds for opposition or cancellation of a registration. Thus, under current law a trademark owner may seek relief under the federal dilution statute only after dilution of the mark has occurred.").

stated purposes of the Lanham Act, "to protect registered marks used in such commerce from interference by State, or territorial legislation." 15 U.S.C. § 1127 (2000); see also H.R. Rep. No. 104-374, at 7.

To be sure, the statute allows oppositions to be filed by "[a]ny person who believes that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 1125(c)." 15 U.S.C. § 1063(a) (2000). Enterprise argues that this provision allows for the filing of an opposition based on alleged damage as defined by state causes of action. We held in Young v. AGB Corp., 152 F.3d 1377, 47 USPQ2d 1752 (Fed. Cir. 1998), however, that this language merely states the requirement for standing. Id. at 1379-80, 47 USPQ2d at 1754. Once standing is established, in order to state a claim, an opposer must base its ground of opposition on a statutory claim found in the Lanham Act. Id. at 1380, 47 USPQ2d at 1754. But the Lanham Act does not create a ground for opposition based on state dilution law.

Enterprise in this case sought to amend its opposition to add claims under state law; the Board did not abuse its discretion in refusing those amendments.

CONCLUSION

For the foregoing reasons, the judgment of the Board is

AFFIRMED

COSTS

No costs.

UNITED STATES COURT OF APPEALS
FOR THE FEDERAL CIRCUIT

NOTICE OF ENTRY OF
JUDGMENT ACCOMPANIED BY OPINION

OPINION FILED AND JUDGMENT ENTERED:
05/30/03

The attached opinion announcing the judgment of the court in your case was filed and judgment was entered on the date indicated above. The mandate will issue in due course.

Information is also provided about petitions for rehearing and suggestions for rehearing en banc. The questions and answers are those frequently asked and answered by the Clerk's Office.

No costs were taxed in this appeal.

Regarding exhibits and visual aids: Your attention is directed to FRAP 34(g) which states that the clerk my destroy or dispose of the exhibits if counsel does not reclaim them within a reasonable time after the clerk gives notice to remove them. (The clerk deems a reasonable time to be 15 days from the date the final mandate is issued.)

JAN HORBALY
Clerk

cc: RUDOLPH A. TELSCHER, JR.
WILLIAM D. RAMAN

ENTERPR RENT-A-CAR V ADV RENT-A-CAR, 02-1444
PTO-120,101

United States Court of Appeals for the Federal Circuit

02-1444
(Opposition no. 120,101)

ENTERPRISE RENT-A-CAR COMPANY,
Appellant,

v.

ADVANTAGE RENT-A-CAR, INC.,
Appellee.

JUDGMENT

Appealed from:
United States Patent and Trademark Office
Trademark Trial and Appeal Board

in CASE NO(S).

This CAUSE having been heard and considered, it is

ORDERED and ADJUDGED:

AFFIRMED

ENTERED BY
ORDER OF THE COURT
DATED MAY 30 2003 /s/ Jan Horbaly
Jan Horbaly

THIS OPINION IS CITABLE AS PRECEDENT OF THE T.T.A.B.

UNITED STATES DEPARTMENT OF COMMERCE
Patent and Trademark Office
Trademark Trial and Appeal Board
2900 Crystal Drive
Arlington, Virginia 22202-3513

Mermelstein

Mailed: March 26, 2001

[Entered: March 26, 2001]

Opposition No. 120,101

Enterprise Rent-A-Car Company
v.
Advantage Rent-A-Car Inc.

Before Bucher, Rogers, and Drost, administrative trademark judges.

By the Board.

On March 26, 2001, applicant filed a "motion to dismiss for failure to state a claim." Because applicant's motion relied upon matters outside of the pleadings,[1] the Board notified the parties by order dated April 2, 2001, that the motion would be treated as one for summary judgment.[2] *See* Fed. R. Civ. P. 12(b). With its brief in opposition to applicant's motion for judgment, opposer filed a motion to amend its notice of opposition to add claims for relief under state dilution statutes. Applicant filed a reply in support of its motion for summary judgment (which we have considered) and an opposition to opposer's motion to amend. Finally, on July 2, 2001, opposer filed a motion to file a surreply to the motion for summary judgment, along with its proffered surreply.

MOTION FOR LEAVE TO FILE SURREPLY

Trademark Rule 2.127(e)(1) states that "The Board may, in its discretion consider a reply brief. * * * *No further papers in support of or in opposition to a motion for summary judgment will be considered by the Board.*" (emphasis added.) *See also, No Fear Inc. v. Rule*, 54 USPQ2d 1551, 1553 (TTAB 2000) (reply briefs are disfavored; no further papers may be considered under Board's rules).

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1 Specifically, applicant relies on the opinion and judgment on appeal in a civil action between the parties herein, *Advantage Rent-A-Car Inc. v. Enterprise Rent-A-Car Co.*, 238 F.3d 378, 57 USPQ2d 1561, 1562-63 (5th Cir. 2001).

2 To avoid confusion, applicant's motion is referred to herein as a motion for summary judgment.

The quoted language of Rule 2.127(e)(1) leaves the Board with no discretion in this matter. Even if it did, however, we would not exercise it to consider the surreply in this case. There must be an end to every argument and a party's desire to have the last word is not a sufficient ground to ignore the Board's rules for briefing. Opposer's motion is DENIED, and its surreply has not been considered.

MOTION FOR LEAVE TO AMEND PLEADING

Opposer now seeks leave to amend its notice of opposition to add claims for dilution based on state law.[3] Under Fed. R. Civ. P. 15(a), once a responsive pleading is filed, a party may amend a pleading only by leave of the court, "and leave shall be freely given when justice so requires."

Consistent with the exhortation in Fed. R. Civ. P. 15(a), the Board is liberal in granting leave to amend, provided the amendment would not violate settled law or be prejudicial to the rights of the adverse party. *E.g., Polaris Industries Inc. v. DC Comics*, 59 USPQ2d 1798, 1799 (TTAB 2000); TBMP § 507.01 (and cases cited therein). However, the Board will deny a motion for leave to amend if the proffered pleading is itself legally insufficient, or would serve no useful purpose. *Polaris*, 59 USPQ2d at 1798.

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[3] Specifically, opposer wishes to plead grounds for opposition arising under the anti-dilution statutes of Alabama, California, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Illinois, Iowa, Louisiana, Maine, Massachusetts, Minnesota, Mississippi, Missouri, Montana, Nebraska, New Hampshire, New York, Oregon, Pennsylvania, Rhode Island, Tennessee, Texas, Washington, West Virginia, and Wyoming. Motion, May 14, 2001, p. 2.

Prejudice to applicant is not an issue in this case. Trial has not yet begun, and the Board could easily ameliorate any difficulty resulting from amendment by extending the discovery period. *See, e.g., Buffett v. Chi-Chi's, Inc.*, 226 USPQ 428, 431 (TTAB 1985). Nonetheless, we deny opposer's motion, because the Board has no jurisdiction to decide issues arising under state dilution laws.

A review of the history of dilution claims before the TTAB is instructive. Prior to 1995, many states recognized claims for trademark dilution. It had long been held, however, that claims for dilution were not a cognizable ground for opposition or cancellation before the Board. *E.g., Max Factor & Co. v. Clairol Inc.*, 163 USPQ 240, 243 (TTAB 1969); *Geo. A. Dickel Co. v. General Mills, Inc.*, 317 F.2d 954, 137 USPQ 891, 892 (CCPA 1963); *K2 Corp. v. Philip Morris Inc.*, 192 USPQ 174, 177 (TTAB 1976), *aff'd*,555 F.2d 815, 194 USPQ 81 (CCPA 1977).

In 1995, in order to provide a federal cause of action for trademark dilution, Congress passed the Federal Trademark Dilution Act of 1995 (FTDA). Pub. L. No. 104-98, 109 Stat. 985. The FTDA amended Trademark Act § 43 to provide a remedy for dilution.[4] In *Babson Bros. Co. v. Surge Power Corp.*, 39 USPQ2d 1953 (TTAB 1996), the Board held that while the FTDA provided "a federal cause of action in courts," it did not explicitly or implicitly provide a new ground for opposition or cancellation before the Board. *Babson*, 39 USPQ2d at 1954-55.

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[4] The FTDA also amended Trademark Act § 45 by inserting a definition of "dilution."

Finally, pursuant to the Trademark Amendments Act of 1999 ("TAA"), Pub. L. No. 106-43, 113 Stat. 218, Congress amended the Trademark Act to provide that dilution is a ground for opposition or cancellation proceedings before the Board. In doing so, the legislative history specifically referred to the Board's decision in *Babson, see, e.g.*, Cong. Rec. June 22, 1999, S7453-54 (1999) (statement of Sen. Hatch). To the extent relevant here, the TAA amended Trademark Act § 13 as follows[5] (wording added by TAA underlined):

> (a) Any person who believes that he would be damaged by the registration of a mark upon the principal register, *including as a result of dilution under section 43(c),* may . . . file an opposition in the Patent and Trademark Office, stating the grounds therefor. . . .

Opposer essentially contends that the term "including" in the TAA has dramatically expanded the Board's jurisdiction in opposition or cancellation proceedings to consider as grounds for Board proceedings any claim asserting a theory by which a "person . . . believes that he would be damaged," including those arising under state dilution statutes. Neither the language of the statute, nor its legislative history supports such a result.

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[5] Trademark Act § 14, governing cancellation proceedings, was similarly amended by the TAA.

It seems hardly necessary to note that the Trademark Trial and Appeal Board is an administrative tribunal, established by statute for narrow and specific purposes, and is not a court of general jurisdiction.[6] *Cf.* Trademark Act § § 17, 18, 20, 24. To that end, the Board and our primary reviewing court have long rejected claims not specifically grounded in statute, regardless of whether "damage" could be shown. *E.g., Person's Co. v. Christman*, 900 F.2d 1565, 14 USPQ2d 1477, 1481 (Fed. Cir. 1990) (Board cannot adjudicate unfair competition claims); *Kelly Services Inc. v. Greene's Temporaries Inc.*, 25 USPQ2d 1460, 1464 (TTAB 1992) (Board may not entertain a claim for declaratory judgment); *Andersen Corp. v. Therm-O-Shield Int'l, Inc.*, 226 USPQ 431, 432, n. 5 (TTAB 1985) (Board may not hear claims alleging unfair competition under Trademark Act § 43(a)); *Yasutomo & Co. v. Commercial Ball Pen Co.*, 184 USPQ 60, 61 (TTAB 1974) (no authority to hear antitrust claims). In the absence of an explicit legislative grant of authority to do so, the Board may not entertain a claim--even if it is alleged to be related to other matters properly before the Board.[7]

Against this legislative and judicial background, it is impossible to interpret the TAA as amending the

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[6] Opposer states that "[t]he proposed amendment is consistent and in accord with the Fifth Circuit's decision" in a civil suit between the same parties, arising out of use of the same mark. However, the Fifth Circuit opinion did not direct opposer to bring its state claims before the Board nor did it address the Board's statutory jurisdiction.

[7] The supplemental jurisdiction exercised by Federal courts does not apply to administrative proceedings such as those before the Board. *See* 28 U.S.C. § 1367(a) and (b) ("in any civil action of which the *district courts* have original jurisdiction. . . ." (emphasis added)).

Trademark Act in the manner proposed by opposer. It is clear that the portion of the TAA quoted above was intended only to legislatively overturn the ruling in Babson by specifically "including . . . dilution *under section 43(c)*," Trademark Act § 13 (italics added), as a ground for opposition. There is nothing either in the plain language of the statute or in the legislative history to support opposer's interpretation.

Opposer's motion to amend is accordingly DENIED.

SUMMARY JUDGMENT

As has often been stated, summary judgment is an appropriate method for disposing of cases in which there are no genuine issues of material fact in dispute, thus leaving the case to be resolved as a matter of law. *See* Fed. R. Civ. P. 56(c). The party moving for summary judgment has the initial burden of demonstrating the absence of any genuine issue of material fact. *See Celotex Corp. v. Catrett*, 477 U.S. 317 (1986), and *Sweats Fashions Inc. v. Pannill Knitting Co.*, 833 F.2d 1560, 4 USPQ2d 1793 (Fed. Cir. 1987). A factual dispute is genuine, if, on the evidence of record, a reasonable finder of fact could resolve the matter in favor of the non-moving party. *See Opryland USA Inc. v. Great American Music Show Inc.*, 970 F.2d 847, 23 USPQ2d 1471 (Fed. Cir. 1992), and *Olde Tyme Foods Inc. v. Roundy's Inc.*, 961 F.2d 200, 22 USPQ2d 1542 (Fed. Cir. 1992). The evidence must be viewed in a light most favorable to the non-movant, and all justifiable inferences are to be drawn in the non-movant's favor. *See Lloyd's Food Products Inc. v. Eli's Inc.*, 987 F.2d 766, 25 USPQ2d 2027 (Fed. Cir. 1993), and *Opryland USA*, 23 USPQ2d at 1472-73.

Relevant Facts

The notice of opposition in this matter was based solely on dilution under Trademark Act § 43(c).[8] Simultaneous with the filing of its notice of opposition, opposer moved for an immediate suspension of this proceeding, noting that the parties were engaged in civil litigation which, in opposer's words,

> will likely be dispositive on the ground (i.e., dilution) upon which Enterprise is opposing Advantage's application to register "We'll Even Pick You Up." Thus, the proceedings before the Board would be unnecessarily duplicative of the litigation in the civil action.

The Board instituted this opposition proceeding, granted opposer's motion, and immediately stayed further action in view of the civil action between the parties.

Applicant's motion for summary judgment essentially contends that the matters now decided in the civil action between the parties are *res judicata*, and fully dispose of opposer's pleaded claim in this proceeding. Applicant points out that the trial court found that Enterprise's mark was neither sufficiently

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[8] Although some of opposer's allegations might be construed as alleging a likelihood of confusion under Trademark Act § 2(d), it appears that the parties entered into a partial consent judgment in their civil action in which they agreed and consented to judgment that there is no likelihood of confusion arising from the use of their respective marks. *Advantage v. Enterprise*, 57 USPQ2d at 1562-63. Neither party contends that likelihood of confusion is an issue in this proceeding.

distinctive nor famous to sustain an action for dilution under Trademark Act § 43(c),[9] a holding which was affirmed on appeal. *Advantage v. Enterprise*, 57 USPQ2d 1561. The Fifth Circuit remanded the case to the trial court for further proceedings on some of Enterprise's state dilution claims.[10]

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9 According to the Fifth Circuit,

> Enterprise did not prove that its slogan was sufficiently "famous," even within the car rental market. As the district court explained, dilution is an extraordinary remedy, and Enterprise failed to prove that such common, descriptive words as "we'll pick you up" should be given monopoly protection in favor of an early user any more than such words as "we deliver" or "we pay the postage."

Advantage v. Enterprise, 7 USPQ2d at 1563.

Neither the district court nor the Fifth Circuit specifically addressed the question of timing, *i.e.*, when the mark was (or was not) famous. Nonetheless, it is clear that both courts were convinced that the mark did not, and never had, achieved fame sufficient to support a finding of dilution under the FTDA.

10 The Fifth Circuit found that the district court had incorrectly concluded that "fame" is a necessary element under the dilution statutes of Texas and Louisiana, and remanded for further proceedings with regard to those state claims. *Advantage v. Enterprise*, 57 USPQ2d at 1564. Notwithstanding that proceedings are apparently still ongoing with respect to the Texas and Louisiana claims, opposer does not contend that the Fifth Circuit decision is not final with respect to claims under the FTDA. *Cf. Tronzo v. Biomet, Inc.*, 236 F.3d 1342,57 USPQ2d 1385, (Fed. Cir. 2001), *cert. denied*, __ U.S. __ 122 S. Ct. 580 (2001) (party which failed to appeal punitive damages award may not later argue that such damages are excessive when compensatory damages are dramatically reduced on remand).

Res Judicata

As our primary reviewing court said recently, under the doctrine of *res judicata,*

> a judgment on the merits in a prior suit bars a second suit involving the same parties or their privies based on the same cause of action. Over the years, the doctrine has come to incorporate common law concepts of merger and bar, and will thus also bar a second suit raising claims based on the same set of transactional facts. Accordingly, a second suit will be barred by claim preclusion if: (1) there is identity of parties (or their privies); (2) there has been an earlier final judgment on the merits of a claim; and (3) the second claim is based on the same set of transactional facts as the first.

Jet, Inc. v. Sewage Aeration Systems, 223 F.3d 1360, 55 USPQ2d 1854, 1856 (Fed. Cir. 2000) internal citations and quotation marks omitted).

Analysis

There is no genuine issue of material fact at issue. Opposer does not contend that all of the necessary elements for the application of *res judicata* have not been satisfied, or that the judgment in the civil action is not final or binding to the extent relevant here. Rather, opposer contends that were it to prevail "on any aspect of the Fifth Circuit litigation, [opposer] will obtain an injunction against [applicant] and [applicant] would absolutely be precluded from a federal

trademark registration because it would not be entitled to nationwide use." Memorandum in Opposition at 1-2.

We disagree. As noted, the only matters which have not been finally decided in the civil litigation are claims for dilution under state statutes. But as we explained above in connection with opposer's motion to amend, such claims are not appropriate grounds for opposition and cannot be considered by the Board. Indeed, the only pleaded matter which could properly be put before us has already been decided in the civil action.[11]

Finally, while opposer "strongly disagree[s]" that its mark was not famous at the time of trial,[12] it claims that the mark has achieved fame since then. Memorandum in Opposition at 2. Opposer's argument is too little, too late. Too little, because the "distinctive and famous" requirement of Trademark Act § 43(c) is a question to be determined by looking to the factors set out in the statute, not to any other standard such as those used under a particular state's dilution law, which opposer would have us import into the federal dilution statute.

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11 Needless to say, if the Federal court does ultimately find for opposer on one or more state claims, nothing in this decision precludes opposer from seeking from the court any remedy with respect to a resulting registration that may be appropriate. *See* Trademark Act § 37.

12 In opposing the motion for summary judgment, opposer takes issue with the conclusions of the district court and the Fifth Circuit. If opposer disagreed with the outcome in the district court and the Fifth Circuit, the Board is not the appropriate forum to obtain relief. Opposer may not collaterally attack the judicial proceedings in this forum.

More importantly, however, opposer's argument is too late, because a party seeking to invoke dilution as a ground for cancellation must establish that its mark became famous prior to applicant's first use of the mark. *Toro Co. v. ToroHead Inc.*, 61 USPQ2d 1164, 1174 n. 9 (TTAB 2001). As noted in the Fifth Circuit's opinion, applicant has used the mark since at least as early as 1990. 57 USPQ2d at 1562. Since opposer could not show in district court that its mark was ever distinctive and famous, the question of whether opposer's mark has achieved fame *since* the earlier trial is irrelevant.

Opposer argues, however, that we must consider the respective rights of the parties in each geographical area in which they do business. Memorandum in Opposition at 6-7. To the extent we understand it, under opposer's theory, a dilution plaintiff need only prove that its mark became famous in a particular geographical area prior to the defendant's use *in that area.* Thus, use prior to the attainment of fame in plaintiff's mark would – at most – preclude a finding of dilution *only* in the areas in which the defendant had actually used the allegedly diluting mark.

Suffice it to say that we do not find opposer's authorities -- all likelihood of confusion cases decided prior to enactment of the FTDA -- persuasive support for its theory. Federal registration generally affords the owner rights which are national in scope. *See* Trademark Act § 7(c). By long-standing policy, the Board will consider geographic limitations only in the context of a concurrent use proceeding, Trademark Rule 2.133(c); TBMP § 1101.02, and cases cited therein, and we see nothing in the FTDA or the TAA which would support a different result.

Applicant alleges use of the mark as early as 1990. Assuming such use could be proved, whether opposer's mark is famous today is of little relevance. Unless opposer can establish that its mark was famous prior to applicant's use -- anywhere in the country -- it cannot prevail. On this point, opposer is barred by the federal court's judgment and the doctrine of claim preclusion from attempting to prove its mark was famous prior to 1999.

After careful consideration of the evidence and argument of record, we conclude that there are no genuine issues of material fact, and that applicant is entitled to judgment as a matter of law. Fed. R. Civ. P. 56. Accordingly, applicant's motion for summary judgment is GRANTED, and the opposition is dismissed with prejudice.

United States Court Of Appeals For The Federal Circuit

ORDER
[ENTERED: JULY 9, 2003]

A petition for rehearing en banc having been filed by the APPELLANT, and the matter having first been referred as a petition for rehearing to the panel that heard the appeal, and thereafter the petition for rehearing en banc having been referred to the circuit judges who are in regular service,

UPON CONSIDERATION THEREOF, it is

ORDERED that the petition for rehearing en banc be, and the same hereby is, DENIED.

The mandate of the court will issue on July 16, 2003.

FOR THE COURT,
/s/ Jan Horbaly
Jan Horbaly

Dated: July 9, 2003
cc: Rudolph A. Telscher, Jr.
William D. Raman

ENTERPR RENT-A-CAR V ADV RENT-A-CAR, 02-1444
(PTO - 120,101)

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* Note: Pursuant to Fed. Cir. R. 47.6, this order is not *
* citeable as precedent. It is a public record. *

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15 U.S.C.§1063.

(a) Any person who believed that he would be damaged by the registration of a mark upon the principal register, including as a result of dilution under section 43(c) [15 USC §1125(c)], may, upon payment of the prescribed fee, file a notice of opposition in the Patent and Trademark Office, stating the grounds therefor, within thirty days after the publication under subsection (a) of section 12 of this Act [15 USC §1062] of the mark sought to be registered. Upon written request prior to the expiration of the thirty-day period, the time for filing opposition shall be extended for an additional thirty days, and further extensions of time for filing opposition may be granted by the Director for good cause when requested prior to the expiration of an extension. The Director shall notify the applicant of each extension of the time for filing opposition. An opposition may be amended under such conditions as may be prescribed by the Director.

15 U.S.C. §1125.

(c) Remedies for dilution of famous marks.

(1) The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection.

(3) The ownership by a person of a valid registration under the Act of March 3, 1881, or the Act of February 20, 1905, or on the principal register shall be a complete bar to an action against that person, with respect to that mark, that is brought by another person under the common law or a statute of a State and that seeks to prevent dilution of the distinctiveness of a mark, label, or form of advertisement.